**TENNESSEE GENERAL ASSEMBLY**
**FISCAL REVIEW COMMITTEE**

# FISCAL NOTE

## SB 933 - HB 2112

March 6, 2011

**SUMMARY OF BILL:** Excludes from employment and wage regulation services performed by leased-operators or owner-operators of vehicles under contract to a common carrier doing interstate business while engaged in interstate commerce.

## ESTIMATED FISCAL IMPACT:

**Decrease State Revenue – $2,835,000/Unemployment Insurance Trust Fund**
**Decrease State Expenditures – $3,437,500/Unemployment Insurance Trust Fund**

Assumptions:

- Under current law, all employers are liable for unemployment insurance premiums on all wages paid to these employees.
- Current Employment Security Law allows leased-operators and owner-operators to file for and receive unemployment insurance benefits in the event they are separated from their employment.
- The Department of Labor and Workforce Development (DLWD) estimates that this bill will apply to 10,000 individuals.
- According to the Unemployment Insurance Data Summary issued by the U.S. Department of Labor, the average unemployment insurance tax rate is 3.15 percent.
- DLWD assumes a $9,000 taxable wage base for all 10,000 workers.
- A recurring decrease in state revenue to the Unemployment Insurance Trust Fund of $2,835,000 (10,000 workers x $9,000 taxable wages x 3.15%).
- According to DLWD, the average weekly benefit is $222.06 with an average duration of 17.2 weeks.
- A nine percent average unemployment rate in FY11-12 and subsequent years.

- There will be a recurring decrease in state expenditures from the Unemployment Insurance Trust Fund of $3,437,489 (10,000 workers x 9.0% unemployment rate x $222.06 x 17.2 weeks).

## CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

James W. White, Executive Director

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